Constitution of Economic Law Commission

1592. DR. C. NARAYANA REDDY: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that Government are contemplating to constitute a separate Economic Law Commission;

(b) in what manner Government propose to ensure that the Commission serves as an instrument to bring about broader political consensus and social agreement; and

(c) by when it will be constituted?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI GINGEE N. RAMACHANDRAN) : (a) No, Sir.

(b) and (c) In view of reply to (a) above, the questions do not arise.

Check on default in Credit Card Business

1593. SHRI KRISHNA KUMAR BIRLA: Will the Minister of FINANCE be pleased to state:

(a) whether the cases of default in credit card business are increasing in National and commercial banks in the country;

(b) if so, the details thereof;

(c) whether RBI has recently directed banks to take immediate steps to reduce the incidence of default in credit card business; and

(d) if so, the steps taken by the banks in this regard particularly recovery of outstanding dues from credit card holders?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL): (a) and (b) The Reserve Bank of India (RBI) had conducted a special study of credit card operations of 14 public sector banks/their credit card issuing subsidiaries in the year 2000 based on the financial of credit card business as on 31.3.2000. It was observed that the overdues in the credit card business had shown marginal increase in respect of 7 credit card issuing public sector banks, while in respect of other 7 credit card issuing public sector banks the overdues

position in the credit card business had actually been reduced as could be seen from the figures give below:

(Rupees in crores)

Sl. No.	Name of the credit card issuing bank/subsidiary	Overdues in credit card business	
		1998-99	1999-2000
1.	Allahabad Bank	1.23	1.45
2.	Andhra Bank	83.26	54.70
3.	BOB Cards (subsidiary of Bank of Baroda)	44.63	61.54
4.	Bank of India	23.19	21.29
5.	Canara Bank	8.47	6.70
6.	Central Bank of India	3.18	2.41
7.	Dena Bank	4.62	2.00
8.	Oriental Bank of Commerce	2.26	0.42
9.	Punjab & Sind Bank	0.99	1.05
10.	Bank of Maharashtra	0.42	0.61
11.	SBI Cards & Payments Services Ltd. (Subsidiary of SBI)	0.27	4.80
12.	Union Bank of India	0.,06	0.07
13.	United Bank of India	0.32	0.31
14.	Vijaya Bank	5.20	5.81

(c) and (d) Yes, Sir. Based on the response received from Banks, RBI had issued directions to banks that they should adopt safeguards to ensure that their credit card business are run on sound, prudent and profitable lines. It is, therefore, imperative that banks take immediate steps to reduce the incidence of default in this business and closely monitor the recovery of credit card outstandings. Banks may formulate specific Action Plans, engage recovery agents in collection of credit card overdues, maintain selectivity of customers in their credit card business and also take advantage of the

existing negative file projects to guard against defaults in this business. Bank should clearly spell out fees/charges to the cardholder at the time of their applying for credit card, if not done so far.

Financial bunglings of banks

1594. SHRI KRISHNA KUMAR BIRLA: Will the Minister of FINANCE be pleased to state:

(a) whether in view of recent stock scam, the RBI has reviewed the functioning of banks and financial sectors;

(b) if so, the details of the steps taken to check the financial bunglings of banks;

(c) whether some banks have flouted the guidelines of the RBI and provided support to stock broking entities; and

(d) if so, the details thereof and the steps taken by Government to check flouting of such guidelines?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL): (a) and (b) Reserve Bank of India (RBI) has reported that in view of reported irregularities in shares/securities transactions, it had collected data on exposure of all scheduled commercial banks by way of investments in equity shares etc. as also advances against shares. This had revealed that three banks had exceeded the 5% ceiling prescribed for investments in capital market. RBI had called for the explanation of these banks. These banks have since brought down their exposure within the prescribed ceiling.

(c) and (d) RBI has reported that a review undertaken during the first half of the year 2000 had revealed that advances against shares, guarantees issued on behalf of brokers and financing of IPOs of four banks was on the high side. RBI took stringent action against such banks including calling for their explanation, issue of displeasure and change in Chief Executives.

Sale of drugs in Delhi

1595. SHRI AMAR SINGH: Will the Minister of FINANCE be pleased to state: